

NFAC 7968-81/1

**NATIONAL FOREIGN ASSESSMENT CENTER**

WASHINGTON, D. C. 20505

9 December 1981

MEMORANDUM FOR: Director of Central Intelligence

THROUGH: *Acting* Director, National Foreign Assessment Center *Rett*

FROM: Richard J. Kerr  
Director of East Asian Analysis

SUBJECT: The Implications for the US of a Deterioration in  
US-China Relations [redacted]

25X1

REFERENCE: Memo to the DCI from Director/INR, subject:  
Request for Special National Intelligence  
Estimates, dated 7 December 1981

1. Action Requested: We request that you sign the attached  
interim response to Hugh Montgomery. [redacted]

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2. Background: The response to Secretary Haig's request, which  
was transmitted to you by Hugh Montgomery, is being prepared in the  
China External Division of East Asian Analysis. NIO/EA has determined  
that the response was intended to be a NFAC product not a SNIE. As the  
principal drafter of the recent IIM on Deng and the FX issue, NFAC is in  
a good position to produce this paper. In addressing the request we  
will focus on three questions: the impact of a downturn in US-China  
relations on Soviet behavior and on the Sino-Soviet connection; its  
effects on the views and action of our key allies; and its consequences  
for US interests in strategic arenas--Southeast Asia and South Asia in  
particular--where US-China cooperation plays a direct role vis-a-vis  
Soviet activity. [redacted]

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[redacted]  
Richard J. Kerr

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[redacted]  
cc: DDCI

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S E C R E T

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SUBJECT: The Implications for the US of a Deterioration in  
US-China Relations

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S E C R E T

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Central Intelligence Agency



Washington, D. C. 20505

MEMORANDUM FOR: Mr. Hugh Montgomery  
Director of Intelligence and Research  
Department of State

SUBJECT: Implications of a Deterioration in US-China  
Relations

REFERENCE: Your memo to me, Subject: Request for Special  
National Intelligence Estimates, dtd 7 Dec 1981

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We are preparing a CIA assessment in response to your request.  
As you requested, our study will be based on the policy options and  
likely Chinese responses that were addressed in the recent interagency  
memorandums on Deng Xiaoping and the FX aircraft issue. We will have  
the paper to you by 6 January 1982.

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*/s/ 10/15/81*  
William J. Casey  
Director of Central Intelligence

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